

Audit's[®] NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

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INVESTMENT OUTLOOK AND STATISTICAL ISSUE

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INVESTMENT STRATEGY: DOW ASSAULTS 1000 MARK: WHICH WAY WILL IT GO FROM HERE?

The Dow Jones Industrial average closed at 997.95 on November 18, the pricing date of this issue, its highest level in nearly four years. The following day, it pierced 1000 briefly, only to close down on the day. The question on which all investors are hanging is whether the bull market can sustain its advance past 1000, or whether this crucial benchmark will prove too much for current conditions.

News items and economic conditions can be divided into those supporting and those undermining further advances. Among the positive factors include:

President-elect Reagan has said that a tax cut in 1981 is his first priority. This would act as an incentive to saving, thus supporting stock prices and stimulating the economy. A fiscal 1981 government budget of \$632.4 billion has been approved, entailing a tax cut of \$12.5

billion and a deficit of \$27.4 billion. The difficulty will be cutting spending to that level.

Federal Reserve Chairman Volcker has affirmed the Fed commitment to a tight money policy. Insofar as this will stem inflation, it is viewed positively by investors.

Corporate profits rose 7.9% in the third quarter, following a 19.6% drop in the second, indicating that the economic recovery is legitimately underway.

And good news especially for real estate investors is that foreign money continues to pour into the U.S. real estate market, where prices are still viewed as dirt-cheap by European standards. Case in point was a recent Wall Street Journal profile of a Dutch investment entity which cited the cost of purchasing a well-located Paris office building at \$300 per square foot, and London rentals as equal to NYC purchase prices.

WITH OUR SISTER SERVICE

HOUSING & REALTY INVESTOR's November 17 issue contained Relative Appeal Rankings for homebuilder, investment builder, mortgage finance and diversified realty companies.

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PORTFOLIO GROUPS OF NO. 1 RANKED STOCKS

Trust	-Ranked No.1- Date	Price	Recent Price	Ann.# Chng.	% Yield*	Trust	-Ranked No.1- Date	Price	Recent Price	Ann.# Chng.	% Yield*
<u>High income property trusts (5)</u>						<u>Speculative recovery, low yield (11)</u>					
Amer. Equ.	12/7/79	\$10.13	\$16.13	+62.2	11.3%	CompassIn.	4/13/79	1.50	1.38	- 5.0%	--
Hotel Inv.	2/9/79	17.88	29.25	+31.6	14.5	Eastover.	4/13/79	9.00	15.50	+39.2	--
MassMut.M.	9/8/78	14.88	14.00	- 2.7	10.8	FGI Invst.	4/13/79	4.50	5.25	+10.0	--
Mtg. Grow.	9/8/78	7.63	12.50	+25.0	14.7	Maryland.	4/13/79	3.75	2.50	-22.1	--
Pacif.-So.	9/8/78	8.38	7.50	- 4.9	15.9	MissionIn.	12/7/79	6.50	4.75	-27.8	--
Group average..				+22.2%	13.5%	Moraga Cp.	1/12/79	3.00	9.75	+87.5	--
<u>Income plus long-term growth (13)</u>						Parkway..	10/12/79	5.75	8.13	+36.1	--
BankAmerR.	10/24/80	25.00	25.75	+42.6	8.0%	Security.	1/26/79	3.50	4.75	+18.1	--
CleveTrst.	5/25/79	6.50	11.63	+26.2	4.3	TIERCO...	10/26/79	3.75	5.00	+24.1	--
ConnGen..	11/11/77	19.88	28.38	+12.4	11.1	Transam..	11/10/78	5.88	9.50	+26.5	--
Federal R	12/8/78	16.50	20.00	+ 9.1	10.4	WalterRl.	12/7/79	5.13	8.75	+72.2	--
First Un.	3/23/79	12.25	21.13	+38.7	11.1	Group averages.				+24.1%	--
Fla. Gulf.	12/8/78	12.50	20.00	+27.1	11.2						
Gen.Grow.	11/21/79	20.38A	23.25A	+14.0	2.0						
GREIT Rl.	7/11/80	10.75	14.50	+122.1	3.7						
Hosp. Mtg.	2/9/79	9.75	15.13	+27.8	4.0						
ICM Rlty.	12/21/79	14.25	19.50	+40.8	9.8						
IRT Prop.	10/10/80	12.38	14.63	+280.4	8.9						
PennREIT.	12/28/78	15.00	26.00	+33.2	12.7						
Prop.Cap.	12/21/79	14.88	26.25	+85.8	10.8						
Group averages.				+58.5	8.5%						
ALL INCOME TRUSTS				+48.4%	10.6%						

*Yield on entry price.

Compound annual rate of change since selection. A-Adjusted for \$15 div. 5/80.

Relative Performance of a portfolio of No.1-Ranked stocks, making all suggested changes, compared to major indexes since Jan. 1 is:

Income REITs.. +29.8% Dow-Jones Ind.+19.0%
 Recovery REITs +30.6% S&P 400 Ind....+32.1%

High interest rates are choking off new construction, inflating values of existing properties so long as demand holds up.

But many of these factors also carry negative implications. The combination of high interest rates (the rise in the prime to 16½% on November 17, led by Chase) and the Fed tight money policy will slow down the economic recovery. For realty trusts and corporations, this points to slower liquidations, increased vacancies and potential foreclosures. Those that have not been able to cut bank debt substantially face eroded earnings. Unfavorable indicators from the residential market include the announcement of October housing starts, up a weak 1.6% from the seasonally adjusted level of September, and the halving of the Fannie Mae dividend.

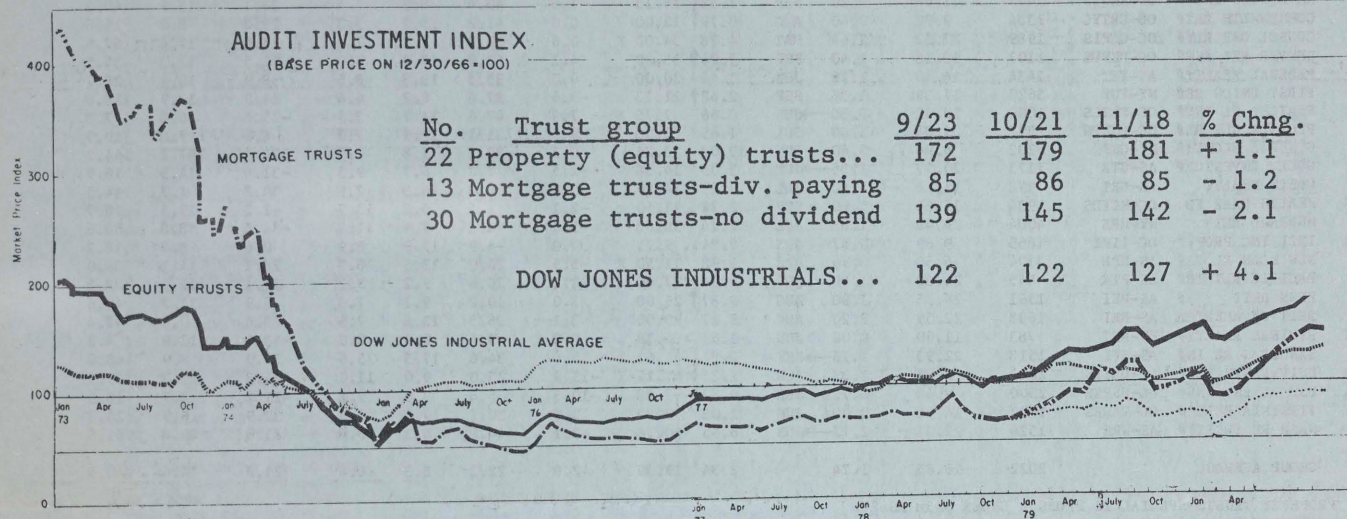
Current high market prices have a built-in depressant. Many institutional investors are programmed to sell at specific levels; moreover, many investors will want to nail down long-term gains as the year comes to a close. Expectations are the important--and self-fulfilling--factors here.

The wave of Reagan euphoria which has carried the market to this point may not be resistant to the actuality of Reagan as president. The outlook for the economy, which has so many structural negative elements, is not sanguine short-term. The Margaret Thatcher experience in the U.K. is the case in point here; where the medicine for economic ailments has its own unfavorable side effects. Unless favorable results or trends are seen quickly following the inauguration, the market could be visited by a rash of sales.

(cont'd on p. 7)

AUDIT INVESTMENT INDEX

(BASE PRICE ON 12/30/66=100)



Summary of Comparative Trust Group Averages for the Month

GROUP	QUAL	NON-QUAL	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
PROPERTY-LARGE	24	0	24	2022	16.03	1.24	2.34	19.39	2.0	22.2	8.3	6.4	21.0	14.6	940.4
-SMALL	10	0	10	1103	13.87	1.64	1.77	17.86	4.3	30.7	10.1	9.2	28.8	12.7	229.7
-SUBOR LAND	3	0	3	1862	18.29	1.84	3.71	21.58	6.9	31.8	5.8	8.5	18.0	20.3	122.6
AVERAGE 3 PROP GROUPS			37	1760	15.62	1.39	2.29	19.15	3.0	25.1	8.3	7.3	22.6	14.7	1292.7
PROP & MTG COMBINATION	12	10	22	2402	11.73	0.94	1.19	13.21	4.4	42.9	11.0	7.2	12.6	10.2	839.0
SHORT-TERM MTG	11	0	11	2402	17.76	1.17	1.86	13.13	-2.9	4.2	7.0	8.9	-26.1	10.5	376.1
LONG-TERM MTG/PROP	8	0	8	3945	15.11	1.23	1.20	10.33	1.0	10.9	8.6	11.9	-31.6	7.9	331.7
MTG/FCLSD PROP-MISC	2	5	7	4392	5.03	0.01	0.66	4.71	0.0	38.2	7.1	0.3	-6.4	13.1	142.9
-BANK	0	10	10	2114	5.97	0.03	0.22	6.33	-3.5	46.3	29.3	0.4	6.0	3.6	126.9
-INDEPEND	0	45	45	4485	4.74	0.00	0.74	4.10	0.1	26.6	5.6	0.1	-13.4	15.5	544.9
AVERAGE 3 MTG/FCLSD PROP			62	4092	4.96	0.00	0.64	4.52	-0.7	31.9	7.0	0.2	-8.9	13.0	814.7
OVERALL AVERAGE	70	70	140	3069	10.43	0.68	1.29	10.76	1.9	26.0	8.3	6.3	3.2	12.4	3654.2
DOW-JONES INDUSTRIALS								116.40	997.95	4.6	19.0	8.6	5.4		

Profile of Realty Trust Balance Sheets at Latest Report

No.	---Invested Assets--- Total	Non/Low-Earn.	% Non- & Low-earn.	% Change in Month	Loss Reserve	Foreclosed Property	All Debt	Share-holders Equity	Depre-ciation	Taxloss Carry-forward
PROPERTY.....	37	\$ 2,009M	\$ 43M	2%	0.0%	\$ 12M	\$ 18M	\$ 1,274M	\$ 734M	\$ 286M
PROPERTY & MTG.....	22	1,830	247	13	-1.6	34	57	1,274	605	144
SHORT/TERM MTG.....	11	1,018	116	11	-2.2	27	94	549	511	6
L/T MTG/PROPERTY....	8	951	71	8	-2.2	10	51	486	470	6
MTG/FORECLOSED PROP.	62	3,204	1,792	56	-1.4	391	1,217	1,981	782	77
TOTALS/AVERAGES....	140	\$ 9,012M	\$ 2,270M*	25%	-1.5%	\$ 474M	\$ 1,436M	\$ 5,565M	\$ 3,102M	\$ 520M
										\$ 1,996M

* Includes \$626M or 6.9% low-earning assets.

M=Million.

RELATIVE APPEAL	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS-- MON ANN	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)
PROPERTY TRUSTS-OVER \$25M ASSETS													
1	AM EQUITY INV #	2497	11.68	1.20	SEP	1.82↑	16.13	-1.5	43.4	8.9	7.4	38.1	40.3
3	COMMONWLT RLTY#	1384	9.92	0.40	AUG	0.79↑	12.00	0.0	41.2	15.2	3.3	21.0	16.6
3	CONSOL CAP RLY#	1989	27.52	2.64	MAY	4.78	34.00 X	0.6	17.2	7.1	7.8	23.5	67.6
2	DENVER REI ASN#	1101	18.18	1.40	SEP	2.06↑	35.00	4.1	60.9	17.0	4.0	92.5	38.5
1	FEDERAL REALTY#	1434	14.40	1.72	JUN	1.45	20.00	0.0	33.3	13.8	8.6	38.9	28.7
1	FIRST UNION RE#	5620	17.39	1.36	SEP	2.42↑	21.13	-9.6	37.4	8.7	6.4	21.5	118.8
2	FLATLEY RL INV#	1000	10.42	0.30	JUN	0.66	7.75 X	7.3	47.6	11.7	3.9	-25.6	7.8
1	FLORIDA GLF RL#	997	21.04	1.40	JUL	1.65	20.00	9.6	31.1	12.1	7.0	-4.9	19.9
1	GENERAL GROWTH#	6202	6.96	0.40	JUN	13.03	23.25	0.5	-39.2	1.8	1.7	234.1	144.2
2	GOULD INVESTOR#	1173	20.97	1.36	JUN	3.05	14.38	-2.5	2.7	4.7	9.5	-31.4	16.9
1	GREIT REALTY	998	11.14	0.40	JUL	0.19	14.50	20.8	56.8	76.3	2.8	30.2	14.5
NR	HEALTH CARE FD	934	11.64	1.60	SEP	2.22	11.50	-2.1	4.5	5.2	13.9	-1.2	10.7
2	HUBBARD REI	4004	25.40	1.88	JUL	2.24	16.63	-5.0	3.1	7.4	11.3	-34.5	66.6
NR	INTL INC PROP #	1865	9.69	0.67	JUN	0.84	9.75	0.0	-4.9	11.6	6.9	0.6	18.2
2	NEW PLAN RL TR#	3304	6.53	0.96	APR	0.92	11.50 X	-5.5	26.0	12.5	8.3	76.1	38.0
2	PACIFIC RL TR#	845	24.30	1.40	AUG	2.94	27.00	-2.7	20.6	9.2	5.2	11.1	22.8
1	PENN REIT #	1561	24.55	1.90	AUG	2.87↑	26.00	3.0	10.0	9.1	7.3	5.9	40.6
2	REIT OF AMERICA	1633	22.59	2.20	AUG	2.27	29.00	3.1	36.5	12.8	7.6	28.4	47.4
2N	RIVIERE REALTY#	783	11.60	0.00	JUN	-1.61	5.38	0.0	-6.4	0.0	0.0	-53.6	4.2
2	SAN FRAN RE IN#	1518	22.93	1.76	SEP	1.81↓	31.63 X	15.6	34.6	17.5	5.6	37.9	48.0
NR	UNIVERSITY REI#	2643	9.05	1.32	JUN	1.25↑	11.25 X	-15.9	25.0	9.0	11.7	24.3	29.7
NR	USP RE EST INV#	2500	9.43	0.72	SEP	0.82↑	7.38	-10.5	5.4	9.0	9.8	-21.7	18.5
2N	VIRGINIA REIT #	1022	14.96	0.00	JUN	1.03	19.88	0.0	80.7	19.3	0.0	32.9	20.3
2	WASH RE (WRIT)#	1526	22.31	2.72	JUN	6.65	40.38	-2.1	44.8	6.1	6.7	81.0	61.6
GROUP AVERAGE		2022	16.03	1.24		2.34	19.39	2.0	22.2	8.3	6.4	21.0	940.4
PROPERTY TRUSTS-SPECIALITY PROPS & UNDER \$25M ASSETS													
NR	GENERAL RE SHS#	557	15.77	2.00	JUN	1.90	13.00 X	6.8	18.2	6.8	15.4	-17.6	7.2
2	MILLER(HS) TRST	560	18.86	1.80	AUG	1.56	26.25	14.1	47.9	16.8	6.9	39.2	14.7
NR	OLD DOMINION #	711	9.14	0.60	SEP	1.32↑	7.88	1.7	23.5	6.0	7.6	-13.8	5.6
NR	PITTS & W VA RR	1510	23.30	0.57↑	SEP	0.88↑	5.50	-4.3	7.2	6.3	10.4	-76.4	8.3
NR	RL EST INV PRP#	959	8.82	1.36	SEP	1.51↑	10.75	2.4	0.0	7.1	12.7	21.9	10.3
NR	REIT OF CALIF	719	10.32	1.75↑	SEP	1.86↑	17.00	0.0	6.3	9.1	10.3	64.7	12.2
NR	TERRYDALE RLTY#	337	24.65	1.80	JUN	1.66	24.25	2.1	34.7	14.6	7.4	-1.6	8.2
NR	US EQUITY & MTG	1079	2.44	1.10	JUL	1.20	8.50	0.0	0.0	7.1	12.9	248.4	9.2
1	HOTEL INVESTOR#	1810	20.45	2.60	MAY	3.12	29.25	1.7	51.9	9.4	8.9	43.0	52.9
2	SANTA ANITA	2788	4.90	2.80	SEP	2.66↑	36.25	-2.7	51.8	13.6	7.7	639.8	101.1
GROUP AVERAGE		1103	13.87	1.64		1.77	17.86	4.3	30.7	10.1	9.2	28.8	229.7
PROPERTY TRUSTS-SUBOR LAND LEASEBACK													
1	ICM REALTY	3011	15.80	1.40	AUG	1.78	19.50	1.9	32.2	11.0	7.2	23.4	58.7
2	JMB REALTY	510	21.73	2.25	MAY	4.12	19.00	4.1	2.7	4.6	11.8	-12.6	9.7
1	PROPERTY CAPITL	2065	17.34	1.88↑	OCT	5.22↑	26.25	7.1	65.3	5.0	7.2	51.4	54.2
GROUP AVERAGE		1862	18.29	1.84		3.71	21.58	6.9	31.8	5.8	8.5	18.0	122.6
PROPERTY & MTG COMBINATION													
3N	API TRUST	1012	7.79	0.00	JUN	0.01	3.75	-6.3	42.6	375.0	0.0	-51.9	3.8
1	BANKAMER RLTY	3571	17.64	2.00↑	OCT	1.82↑	25.75	3.0	41.1	14.1	7.8	46.0	92.0
3N	BRT REALTY	1400	2.17	0.00	AUG	0.29↑	1.50	-8.0	59.6	5.2	0.0	-30.9	2.1
1	CONN GENL M&R #	5901	20.82	2.20	SEP	3.18↑	28.38 X	-1.5	21.4	8.9	7.8	36.3	167.5
1	HOSPITAL MTG #	1178	23.96	1.10↑	JUN	0.91	15.13	8.1	47.6	16.6	7.3	-36.9	17.8
1	IRT PROPRY CO#	2306	13.59	1.10	JUN	2.44	14.38	4.6	51.4	5.9	7.6	5.8	33.2
1	MORTGAGE GROWH#	2648	12.42	1.12	AUG	1.58	12.50	-3.0	42.9	7.9	9.0	0.6	33.1
2	PROPTY TR AMER#	2390	9.61	1.57↑	JUN	1.67	10.25 X	-3.2	38.9	6.1	15.3	6.7	24.5
2	RLTY & MTG PAC	2789	17.96	1.80	AUG	1.81	20.13	3.2	33.0	11.1	8.9	12.1	56.1
3	REALTY INCOME	1591	9.42	0.80	JUL	-0.08	6.50	0.0	-13.3	0.0	12.3	-31.0	10.3
2	WELLS FARGO M&E	3965	18.82	2.00	SEP	2.44	23.50 X	9.1	66.3	9.6	8.5	24.9	93.2
2	WESTERN MTG	1003	8.17	0.24	AUG	0.19	4.38	-2.7	29.6	23.1	5.5	-46.4	4.4
GROUP AVERAGE		2480	13.53	1.16		1.36	13.85	3.2	37.1	10.2	8.4	2.3	538.0
SHORT TERM MTG-MTG BANKER & MISC FIN SPONSOR													
2N	BAYSWATER RLTY	1043	20.54	0.00	APR	4.89	10.25	-8.9	10.8	2.1	0.0	-50.1	10.7
2N	CENTRAL MTG&RLY	775	15.26	0.00	SEP	1.79↑	12.50	0.0	28.2	7.0	0.0	-18.1	9.7
NR	CONSOL CAP INCO	4008	22.74	2.63	JUN	3.51	23.75 X	-3.7	-6.9	6.8	11.1	4.4	95.2
NR	DEL-VAL FINCL	1345	9.19	1.50	JUN	1.26	10.50 X	-1.2	2.4	8.3	14.3	14.3	14.1
2	EQUIT LF MTG&RL	5663	22.93	1.40	JUL	1.18	12.75	-4.7	-13.6	10.8	11.0	-44.4	72.2
3	FIRST CONTNL RE	2106	10.48	1.22	AUG	1.17↑	8.13	-7.1	8.4	6.9	15.0	-22.4	17.1
3	FRASER MTG	1038	16.24	1.04	AUG	0.76↑	8.50	-5.6	-8.1	11.2	12.2	-47.7	8.8
2	LOMAS & NET MTG	3700	28.01	2.42	SEP	2.42	19.25	-8.3	0.0	8.0	12.6	-31.3	71.2
2	M&T MORTGAGE	1707	10.94	1.83	AUG	1.86	13.00	-3.7	7.2	7.0	14.1	18.8	22.2
3	NATIONWIDE RE	1047	24.58	0.88↑	SEP	0.86↑	16.25 X	1.2	18.2	18.9	5.4	-33.9	17.0
1N	TRANSAMER RLTY	3993	14.47	0.00	AUG	0.78	9.50	-9.5	33.2	12.2	0.0	-34.3	37.9
GROUP AVERAGE		2402	17.76	1.17		1.86	13.13	-2.9	4.2	7.0	8.9	-26.1	376.1
LONG-TERM MTGS & PROPERTIES													
1	MASSMUTUAL MTG	4670	19.92	1.60	JUL	1.64	14.00	-1.8	19.1	8.5	11.4	-29.7	65.4
2	MONT MTG INV	8956	9.79	0.92	AUG	1.02	8.13	-3.0	6.6	8.0	11.3	-17.0	72.8
3	NW MUT LIFE MTG	4758	18.84	1.12	SEP	0.77	10.00	-9.1	11.1	13.0	11.2	-46.9	47.6
1	PACIF SOTHEN MT	800	12.02	1.33	JUN	1.32	7.50	-3.2	-6.3	5.7	17.7	-37.6	6.0
3	PNB MTG & RLTY	4771	16.73	1.28	SEP	1.39↑	12.00	2.1	33.3	8.6	10.7	-28.3	57.3
2	REALTY REFUND	1377	17.27	1.19↓	OCT	1.19↓	9.00	-5.3	-13.3	7.6	13.2	-47.9	12.4
2	UNITED RLTY IN	3610	17.66	1.16	AUG	1.06	12.75	2.0	30.8	12.0	9.1	-27.8	46.0
NR	US MUTUAL RE	2619	8.62	1.20	JUL	1.20	9.25 X	6.1	2.8	7.7	13.0	7.3	24.2
GROUP AVERAGE		3945	15.11	1.23		1.20	10.33	1.0	10.9	8.6	11.9	-31.6	331.7
MTG & FORECLOSED PROPERTY-MISC SPONSOR													
2N	Y CMT INVESTMT CO	2032	3.34	0.00	JUN	0.38	5.00	-16.7	206.7	13.2	0.0	49.7	10.2
3N	HEITMAN MTG INV	3292	1.69	0.00	SEP	0.27↓	2.13	-10.5	13.3	7.9	0.0	26.0	7.0
GROUP AVERAGE		2662	2.52	0.00		0.33	3.57	-14.9	103.1	11.0	0.0	41.7	17.2

November 21, 1980

RELATIVE APPEAL	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS-- MON ANN	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MKT VA (MILS)
PROP & MTG COMBINATION-NON-QUALIFIED (MOST INDEPENDENT)													
4N	AMER REALTY	OC-ARB	2222	3.51	0.00	JUN	0.36	5.00	0.0	73.6	13.9	0.0	42.5
2N	BAY FINCL CORP	NY-BAY	3334	6.93	0.00	AUG	0.61	8.00	-7.3	20.7	13.1	0.0	15.4
3	CITIZENS GROWTH	OC-CITGS	801	8.75	0.20	JUL	1.94	6.00	14.3	84.6	3.1	3.3	-31.4
2	FRANKLIN RLTY	AS-FR	1054	8.95	0.40	JUN	0.29	24.38	0.5	107.5	84.1	1.6	172.4
2N	INDIANA FCL INV	OC-IFI	1154	8.26	0.00	SEP	-0.86	4.13	-5.7	27.1	0.0	0.0	-50.0
2	KENILWORTH RLTY	NY-KRT	2683	25.41	6.00	AUG	5.17	38.75 X	13.3	34.2	7.5	15.5	52.5
2	SAUL (BP) REIT	NY-BPS	5893	4.78	0.05	SEP	1.42	9.75	0.0	34.5	6.9	0.5	104.0
2	US REALTY INV #	NY-UTY	3406	15.01	0.20	JUN	0.67	14.50	-2.6	63.3	21.6	1.4	-3.4
1N	WALTER REALTY	OC-WALIS	1035	8.03	0.00	JUL	0.10	8.75	29.6	70.6	87.5	0.0	9.0
2	WISCONSIN REIT	OC-WREIS	1514	6.13	0.10	SEP	0.42	5.25 X	5.8	23.5	12.5	1.9	-14.4
GROUP AVERAGE		2310	9.58	0.70	1.01	12.45	6.0	51.6	12.3	5.6	30.0	10.6	301.0
MTG & FORECLOSED PROP-NON-QUALIFIED-INDEPENDENT MGMT													
2N	ANRET INC	PH-ARET	509	20.47	0.00	AUG	0.01	10.00	2.6	-3.7	1000.0	0.0	-51.1
4N	BUILD IN GRP	OC-BULDS	2844	1.69	0.00	JUN	1.33	2.75	0.0	15.5	2.1	0.0	62.7
3N	CI MTG GROUP	PH-CI	4812	8.68	0.00	JUL	1.83	7.88	6.8	12.6	4.3	0.0	-9.2
5N	VJCITIZENS MTG	OC-CZM	1421	-13.29	0.00	JUN	0.76	0.13	0.0	-48.0	0.2	0.0	-0.0
1N	COMPASS INV GP	PS-CMPSS	10371	2.24	0.00	JUN	-0.06	1.38	-15.3	-8.0	0.0	0.0	-38.4
4N	VJCONTINENTAL MTG	OC-CMI	20838	-1.07	0.00	JUN	0.13	0.40	-7.0	14.3	3.1	0.0	-0.0
2N	DMG INC	NY-DMG	7326	7.63	0.00	SEP	-0.37	4.00	-3.1	-15.8	0.0	0.0	-47.6
3N	Y DOMINION M&R	OC-DMRTS	3364	1.14	0.00	AUG	1.05	3.38	-3.4	79.8	3.2	0.0	196.5
1N	EASTOVER CORP	OC-EASTS	1034	18.49	0.00	SEP	2.35	15.50	0.0	19.2	6.6	0.0	-16.2
1N	PGI INVESTORS	OC-PGI	1927	8.33	0.00	AUG	-0.04	5.25	-12.5	27.1	0.0	0.0	-37.0
2	FIRST CARO INV	OC-FCARS	1472	14.98	0.10	SEP	0.70	9.38	1.4	44.3	13.4	1.1	-37.4
2N	FIRST MTG INVST	OC-FMTGS	9276	3.64	0.00	APR	1.73	2.31	27.6	41.7	1.3	0.0	-36.5
2N	FIRST NEMPT CP	OC-FNEW	2342	3.66	0.00	JUL	0.59	4.13	0.0	93.9	7.0	0.0	12.8
2N	Y GREAT AMER M&I	OC-GAMI	7372	1.46	0.00	JUL	0.12	6.75	-20.6	107.7	56.3	0.0	362.3
2N	GROWTH REALTY	NY-GRW	2065	7.39	0.00	JUN	0.57	6.13	2.2	8.9	10.8	0.0	-17.1
2N	Y GUARDIAN MTG	PH-GMI.X	19010	-0.03	0.00	AUG	3.15	1.19	19.0	19.0	0.4	0.0	-0.0
3N	HAMILTON INV TR	OC-HAMTS	2175	5.76	0.00	SEP	0.49	5.38	-12.2	95.6	11.0	0.0	-6.6
3N	HANOVER SQ RLTY	AS-HSQ	946	11.38	0.00	MAY	0.19	6.00	-7.7	-2.1	31.6	0.0	-47.3
2N	HQAC-BARNES	OC-HOMC	1908	8.47	0.00	JUN	-0.55	2.38	5.8	26.6	0.0	0.0	-71.9
2N	INSTITUTIONAL INV	NY-INV	6798	-0.11	0.00	JUL	-1.33	1.38	-21.1	0.0	0.0	0.0	-0.0
2N	KENTUCKY PROPTY	OC-KMTGS	1100	3.06	0.00	AUG	-0.18	1.94	-3.0	3.2	0.0	0.0	-36.6
3N	Y LIFETIME COMMUN	OC-LFTMS	6765	3.41	0.00	JUL	0.34	1.50	-25.0	50.0	4.4	0.0	-56.0
2N	LINCOLN MTG	OC-LNMGs	1155	2.31	0.00	JUN	1.87	2.63	-4.4	-22.2	1.4	0.0	13.9
1N	MARYLAND REALTY	OC-MDRTS	1786	4.54	0.00	AUG	-0.40	2.50	5.0	-13.2	0.0	0.0	-44.9
3N	Y METROPLEX RLTY	OC-JMI	11840	1.03	0.00	JUN	0.32	0.56	0.0	12.0	1.8	0.0	-45.6
2N	MIDLAND MTG	AS-MMT	6193	1.39	0.00	SEP	0.38	3.25	116.7	109.7	8.6	0.0	133.8
1N	MISSION INV TR	AS-MIT	1812	7.76	0.00	AUG	1.82	4.75	-17.4	-20.8	2.6	0.0	-38.8
1N	MORAGA CORP	OC-MORA	1355	8.03	0.00	APR	0.11	9.75	8.3	59.1	88.6	0.0	21.4
4N	MTG INV WASH	OC-MINVS	2146	4.44	0.00	JUN	0.63	3.63	11.7	52.5	5.8	0.0	-18.2
4N	Y NATIONAL MTG	OC-NMF	3707	2.23	0.00	MAY	0.05	1.13	0.0	54.8	22.6	0.0	-49.3
5N	VJNOVA REIT	OC-FVM	1208	7.93	0.00	JUN	-0.03	2.63	50.3	-6.4	0.0	0.0	-66.8
1N	PARKWAY COMPANY	OC-PKWYS	1055	8.28	0.00	SEP	0.50	8.13	0.0	62.6	16.3	0.0	-1.8
4N	PLAZA REALTY	OC-PRISS	1114	0.09	0.00	JUN	-0.59	1.25	-9.4	10.6	0.0	0.0	1288.9
3N	REPUBLIC MTG	NY-RMI	2107	4.29	0.00	SEP	1.39	3.25	-16.2	85.7	2.3	0.0	-24.2
2N	SO ATLANTIC FIN	NY-SAT	2706	3.20	0.00	JUL	-0.70	3.88	6.9	14.8	0.0	0.0	21.3
3N	SOUTHBANK PROP	NY-SM	11700	2.04	0.00	SEP	0.18	3.88	0.0	158.7	21.6	0.0	90.2
1N	TIERCO	OC-TIERS	2363	9.72	0.00	JUN	0.88	5.00	5.3	33.3	5.7	0.0	-48.6
2N	TOWERMARC	OC-FMEMS	1156	7.74	0.00	AUG	1.45	5.38	7.6	22.8	3.7	0.0	-30.5
2N	TRECO INC	OC-TREC	2451	1.60	0.00	JUN	0.26	1.94	3.2	24.4	7.5	0.0	21.3
2N	TRI-SOUTH INV	NY-TSI	3044	6.37	0.00	SEP	0.77	3.38	-3.4	8.0	4.4	0.0	-46.9
4N	Y TRITON GROUP	PS-TGL	19215	-0.70	0.00	AUG	7.78	0.88	8.6	66.0	0.1	0.0	-0.0
4N	UMET TRUST	NY-UTAT	2109	1.52	0.00	AUG	1.76	3.75	-11.8	42.6	2.1	0.0	146.7
2N	Y VYQUEST TRUST	OC-VYQTS	1860	5.59	0.00	AUG	-0.48	5.00	5.3	0.0	0.0	0.0	-10.6
2N	WASHINGTON CP	PH-TWC.X	1675	0.26	0.00	SEP	0.81	1.56	0.0	4.0	1.9	0.0	500.0
2N	WESTPORT COMPNY	OC-WSPTS	2388	6.07	0.00	JUL	1.56	7.25	13.6	114.5	4.6	0.0	19.4
GROUP AVERAGE		4485	4.74	0.00	0.74	4.10	0.1	26.6	5.6	0.1	-13.4	15.5	544.9
MTG & FORECLOSED PROP-NON-QUALIFIED-COMCL BANK SPONSOR													
3N	AM FLETCHER MTG	OC-AMFIS	1352	2.27	0.00	JUL	0.99	3.38	4.0	88.8	3.4	0.0	48.9
3N	BT MTG INVSTRS	NY-BTM	2116	0.88	0.00	JUN	-0.25	2.38	-24.0	26.6	0.0	0.0	170.5
2N	CAMERON-BROWN	NY-CB	2016	8.76	0.00	SEP	-0.84	5.63	-21.0	36.3	0.0	0.0	-35.7
NR	CITINATL DEV	OC-N/A	600	13.48	0.00	JUN	0.24	10.25	6.4	12.3	42.7	0.0	-24.0
1	CLEVELAND TRST	OC-CTRS	2525	10.61	0.28	JUN	0.09	11.63	-7.9	50.1	129.2	2.4	9.6
4N	FIRST DENVR MTG	OC-PDENS	1621	5.36	0.00	JUN	-2.05	3.13	-3.7	39.1	0.0	0.0	-41.6
3N	FIRST PENN MTG	NY-FPM	2961	0.22	0.00	JUL	-1.05	1.25	-16.7	-16.7	0.0	0.0	468.2
4N	FIRST WISC MTG	OC-FWMTS	1989	4.71	0.00	SEP	-0.72	15.63	11.6	150.1	0.0	0.0	231.8
4N	INDEPENDENCE CO	OC-INTGS	2625	3.86	0.00	JUN	5.17	4.13	-8.2	20.1	0.8	0.0	7.0
2N	WACHOVIA RLTY	NY-WRI	3335	9.56	0.00	AUG	0.68	5.88	-11.3	14.6	8.6	0.0	-38.5
GROUP AVERAGE		2114	5.97	0.03	0.22	6.33	-3.5	46.3	29.3	0.4	6.0	3.6	126.9
MTG & FORECLOSED PROP-NON-QUALIFIED-MISC FIN SPONSORS													
3	AMER CENTURY TR	NY-ACT	2607	9.05	0.10	JUN	3.63	8.38	11.7	45.7	2.3	1.2	-7.4
2N	GMR PROPERTIES	NY-GMR	2857	2.32	0.00	AUG	-0.16	3.00	0.0	40.8	0.0	0.0	29.3
3N	NORTH AMER MTG	NY-NAM	6901	5.45	0.00	SEP	-0.13	4.25	-10.5	13.3	0.0	0.0	-22.0
1N	SECURITY CAPITL	AS-SCC	7417	6.34	0.00	JUN	0.39	4.75	18.8	18.8	12.2	0.0	-25.1
2N	STATE MUTUAL IN	NY-SMU	5538	7.06	0.00	JUL	0.24	5.50	2.2	15.8	22.9	0.0	-22.1
GROUP AVERAGE		5084	6.04	0.02	0.79	5.18	5.1	27.0	6.5	0.4	-14.4	13.1	125.7
PREFERRED STOCK & REIT FUNDS													
NR	CMT INV CO-PFD	OC-CMTIP	2147	7.50L	0.00	JUN	0.38	4.88	-18.7	159.6	12.8	0.0	-34.9
NR	CYPRUS CORP	AS-CYC	1425	0.44N	0.00	OCT	0.00	1.50	-25.0	-45.5	0.0	0.0	240.9
NR	CYPRUS-PFD	AS-CYCPR	660	21.15C	1.70	---	0.00	13.50	-4.5	-1.0	0.0	12.6	-36.2
NR	MIDLAND-PFD	AS-MMTPR	1191	3.00L	0.30	---	0.00	4.50	100.0	16.0	0.0	6.7	50.0
NR	RET INCOME	AS-RET	3794	4.35N	0.00	JUN	0.35	4.50	-10.0	16.0	12.9	0.0	3.4
NR	RET-\$4.38 PFD	AS-RETPR	575	51.63C	4.38	---	0.00	43.00	-3.4	-3.4	0.0	10.2	-16.7
NR	TRECO-PFD A I	OC-N/A	523	1.00L	0.00	---	0.00	0.50	-33.3	-33.3	0.0	0.0	-50.0
NR	TRECO-PFD AII	OC-N/A	260	1.00L	0.00	---	0.00	0.13	0.0	-48.0	0.0	0.0	-87.0
NR	TRITON-PFD A	PS-N/A	1758	30.75L	0.00	---	0.00	20.19	7.7	39.2	0.0	0.0	-34.3
GROUP AVERAGE		1370	13.42	0.71	0.08	10.30	1.1	7.8	127.0	6.9	-23.3	0.6	104.5

FOR QUALIFIED TRUSTS, ARROWS DENOTE COMPARISON ON OPERATING INCOME FOR YEAR-AGO QUARTER: SALE GAINS AND EXTRA ITEMS INCLUDED IN TRAILING 12 MONTHS. NON-QUALIFIED TRUSTS AND CORPORATIONS COMPARISONS INCLUDE ALL SALE GAINS AND EXTRA ITEMS. * GROSS CASH FLOW. # NET CASH FLOW, SEE P. 6. TRUSTS REPORTED ON A CASH FLOW BASIS AND DENOTED WITH "H" OR "N". SYMBOL: BOOK VALUE INCLUDES ACCUMULATED DEPRECIATION. ARROWS DENOTE NEW EARNINGS OR DIVIDENDS AND DIRECTION. -0.0 IN % PRICE TO BOOK INDICATES NEGATIVE BOOK VALUE. BID PRICES SHOWN FOR ALL OVER THE COUNTER STOCKS. PH-PHILADELPHIA EXCHANGE. BO-BOSTON EXCHANGE. PS-PACIFIC EXCHANGE. NR-NOT RANKED. VJ-IN BANKRUPTCY REORGANIZATION. Y-CHAPTER XI REORGANIZATION COMPLETED. L-LIQUIDATING VALUE. N-NET ASSET VALUE. C-CALL PRICE. Z-PAIRED STOCKS. TRECO PREFERRED SERIES I CONVERTIBLE AT \$1.62.

TRAILING 12 MONTHS DIVIDENDS FOR REIT OF CALIFORNIA, USP REIT, AMERICAN EQUITY, REALTY REFUND, NATIONWIDE, PROPERTY CAPITAL, LOMAS & WETTELTON, US EQUITY & MTG, WISCONSIN REIT, PACIFIC SOUTHERN MTG, PROPERTY TRUST AMERICA. HOSPITAL MORTGAGE EARNINGS FOR 13 MONTHS ENDED 6/30/80. SANTA ANITA EARNINGS FOR 9 MONTHS ENDED 9/30/80. NAME CHANGES: MORTGAGE TRUST OF AMERICA TO TRANSAMERICA REALTY. CMT INVESTMENT TRUST TO CMT INVESTMENT CO. INSERTIONS: HEALTH CARE FUND IN PROPERTY TRUSTS-OVER \$25 MILLION ASSETS. MIDLAND MTG. PFD. IN PREFERRED STOCKS & REIT FUNDS.

CONVERTIBLE DEBENTURES

STRAIGHT BONDS

DEBENTURE	EX	INT (%)	MAT	MIL \$ OUT	CONV SH(000) AT RESERVD	RECENT PRICE	YIELD (%)	% CHNG	CONV PARITY	STOCK PRICE	ISSUER & DESC.	EX	INT.	MATURITY	MIL \$	PRICE	% CHANGE	% YIELD	
ALAMAND CORP	OC	6.50	'91F	9.04	27.75	325	54.00	12.0	3.8	14.98	9.75	BAY COLONY PROP-B	PS	8.50	3/15/89	16.4	67.00	-1.4	12
AMER CENTURY	AS	7.00	'90	2.40	17.12	140	62.00	11.3	-0.9	10.61	8.38	BAY COLONY PROP-C	NY	8.50	3/31/81F	6.8	95.00	-1.1	8
AMER CENTY'B	NY	6.75	'91	9.81	23.86	411	61.38	11.0	0.6	14.64	8.38	BT MTG INV-C	OC	5.75	1/15/82	19.4	78.00	2.6	7
AMER REALTY	OC	7.00	'84F	1.48	10.40	142	75.00	DEF	0.0	7.80	5.00	CITIZN & SO RLY-CD#	PS	3.00	6/30/93	2.4	80.00	6.7	3
BANKAMER RLTY	NY	9.50	'00	40.00	26.16	1529	106.00	9.0	0.0	27.72	25.75	CITIZNS MTG INV-B	OC	8.50	4/15/80	20.0	57.00	-4.9	VJ
BANKAMERICA	OC	6.75	'90	4.06	21.00	193	118.00	5.7	2.6	24.78	25.75	CMEI-C	NY	6.50	3/1/82F	30.0	78.00	0.6	8
BAYSWATER	OC	6.75	'91	3.92	21.00	186	57.00	11.8	-12.2	11.97	10.25	COMPASS INV-B	OC	16.25	9/30/94	4.4	100.00	2.0	16
CONN GENERAL	NY	6.00	'96	68.01	32.50	2092	86.00	7.0	1.5	27.95	28.38	CONN GENL M&R	NY	11.50	7/15/90	50.0	86.13	-5.0	13
CONVNTL MTG	OC	6.25	'90	40.38	19.79	2040	65.00	VJ	15.0	12.86	0.40	EQUIT LF MT-H	NY	10.20	9/1/87	50.0	90.50	0.0	11
EQUITBL LF M	NY	6.75	'90	5.00	26.25	190	83.00	8.1	0.0	21.78	12.75	FIRST MTG INV-A	OC	6.75	12/1/82	6.3	82.00	-4.6	8
FIRST NEWPRC	OC	6.75	'91F	3.04	27.50	110	48.00	14.1	0.0	13.20	4.13	FIRST VA MTG-A	OC	4.00	11/1/80	11.8	64.00	-1.4	VJ
FIRST PENN M	OC	6.75	'91F	7.33	8.65	847	47.00	14.4	-2.0	4.06	1.25	FIRST VA MTG-BM	OC	12.00	11/1/80	5.0	50.00	-9.0	VJ
FIRST UNION	NY	8.75	'99	35.00	18.00	1944	124.00	7.1	0.6	22.32	21.13	GMR PROPS-B	PS	8.50	12/3/87	15.3	67.00	-1.4	12
HANOVER SQ R	AS	7.25	'92	4.52	21.00	215	58.00	12.5	-8.6	12.18	6.00	GREAT AMER MGMT-B	OC	3.00	8/1/90	15.0	48.00	4.3	6
HEITMAN MTG	AS	7.50	'92	7.33	14.70	498	57.00	13.2	0.0	8.37	2.13	GREAT AMER MGMT-C	OC	1.10	8/1/91	1.3	43.00	13.2	2
HOTEL INVSTR	OC	7.75	'90	2.70	21.00	128	140.00	5.5	6.1	29.40	29.25	GREAT AMER MGMT-E	OC	1.10	8/1/91	6.5	46.00	9.5	2
HOTEL INVTRS	OC	7.50	'91	9.01	25.25	356	116.00	6.5	7.4	29.29	29.25	GROWTH RLTY-C	NY	6.75	4/15/82	9.2	87.00	3.4	7
LINCOLN MTG	OC	8.00	'90	10.32	11.00	938	60.00	13.3	0.0	6.60	2.63	INST INVESTOR-B	OC	8.25	2/1/87	15.2	61.00	0.0	13
MASSMUTL MTG	NY	6.75	'90	4.74	21.00	225	75.00	9.0	5.6	15.75	14.00	NATIONWIDE RE-C	OC	7.00	1/1/91	6.5	59.00	-3.2	11
MASSMUTUAL M	NY	6.25	'91	41.07	33.50	1226	62.13	10.1	-2.1	20.81	14.00	NO AMER MTG-B	PS	8.50	11/1/87	12.1	67.00	3.1	12
MIDLAND MTG*	OC	7.00	'86	2.12	16.67	127	64.00	10.9	1.6	10.66	4.50	NW MUT LF MTG	OC	14.00	1/1/88	15.0	NQ	0.0	--
MIDLAND MTG	OC	7.00	'86	2.12	16.67	127	64.00	10.9	1.6	10.66	3.25	REALTY REFUND	NY	11.38	11/1/98	20.0	78.88	0.8	14
MONY MTG IN	NY	7.00	'90	6.09	11.00	554	82.00	8.5	-1.3	9.02	8.13	REALTY REFUND-C	NY	12.00	5/15/98	15.0	75.00	-0.2	16
MTG INV WASH	OC	8.00	'90	2.32	15.00	155	65.00	12.3	0.0	9.75	3.63	SECURITY MTG-C	OC	6.00	6/15/82	4.7	84.00	0.0	7
NONSTRN MUTL	NY	6.00	'91	2.77	21.00	132	63.00	9.5	1.6	13.23	10.00	SMI INV (DEL)	AS	7.25	5/1/82	18.5	93.00	1.2	7
OLD DOMINION	OC	10.75	'90	3.00	9.25	324	95.00	11.3	0.0	8.78	7.88	SO ATLANTIC-C#	NY	6.75	2/15/82F	16.9	85.63	1.8	7
PAC REAL TR	AS	7.00	'92	3.88	26.25	148	101.00	6.9	-2.9	26.51	27.00	TRECO-C	OC	6.75	9/1/91	5.3	48.00	0.0	14
PNC MTG	AS	6.75	'91	3.24	20.00	162	65.50	10.3	-2.5	13.10	12.00								
PNE MTG & RL	NY	6.75	'82	17.50	20.00	875	90.00	7.5	0.0	18.00	12.00								
RAM PACIFIC	NY	6.75	'91	10.19	21.00	485	92.00	7.3	5.4	19.32	20.13								
REALTY INCOM	AS	8.00	'91	15.19	18.00	844	63.13	12.7	-3.0	11.36	6.50								
REPUBLIC MI	NY	9.00	'90F	2.26	19.00	118	102.00	8.8	0.5	19.38	3.25								
SAUL (BF) RL	OC	6.50	'91	30.38	23.00	1320	68.00	9.6	0.7	15.64	9.75								
SAUL(BF) REI	OC	8.00	'90	7.28	15.50	469	81.00	9.9	0.0	12.55	9.75								
STATE MUTUAL	AS	6.75	'91	1.29	21.00	61	72.00	9.4	2.7	15.12	5.50								
TRECO	OC	8.50	'98	9.40	1.62	5805	120.00	7.1	9.1	1.94	1.94								
TRI-SO / SR	PH	10.00	'88	9.68	2.50	3872	140.00	7.1	2.2	3.50	3.38								
TRI-SOUTH MI	NY	7.00	'92F	5.81	29.50	197	58.00	12.1	-0.1	17.11	3.38								
US REALTY IN	NY	5.75	'89	8.84	20.20	437	75.00	7.7	-3.7	15.15	14.50								
WASH CORP	OC	6.50	'91	12.06	33.00	365	45.00	14.4	4.7	14.85	1.56								
WESTPORT CO	OC	6.75	'92	2.32	21.00	110	48.00	14.1	2.1	10.08	7.25								
DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE. D-3% TO 9/30/82, 7% AFTER. M-VARIABLE AT 1 1/2% OVER MONTHLY PRIME. G-VARIABLE AT 1 1/4% OVER PRIME IN OCT. AND APRIL. H-VARIABLE RATE IN MAR. AND SEPT.; CONVERT INTO 9% DEBENTURE TO 9/1/86. VJ-BANKRUPTCY REORGANIZATION.																			
X-SUSPENDED BY EXCHANGE. DEF-IN DEFAULT.																			
#-MAY BE USED AT PAR TO EXERCISE WARRANTS.																			
F-TRADES FLAT, WITHOUT ACCRUED INTEREST.																			
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CONVERSION PARITY IS PRICE AT WHICH SHARES WOULD HAVE TO SELL TO JUSTIFY DEBENTURE PRICE. VJ=IN BANKRUPTCY REORGANIZATION. F=TRADES FLAT, WITHOUT ACCRUED INTEREST. DEF=IN DEFAULT. PH=PHILADELPHIA EXCHANGE. PS=PACIFIC EXCHANGE. *CONVERTIBLE INTO PREFERRED

HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of qualified real estate investment trusts, displayed on page 4, and formerly qualified trusts and corporations, displayed on page 5. Only historical data, or annualizations of latest quarterly data, are used and thus results should not be read as estimates or projections. Investors are advised to consider carefully the following distinctive characteristics of REIT stocks compared with other industrial or financial securities:

Annualized Dividend and Yield: Most qualified REITs do not pay a posted regular annual dividend rate but instead pay their approximate earnings (or net cash flow) for each quarter. They do this because REITs are required to pay 90% (95% beginning 1980) of earnings to shareholders in order to qualify for exemption from Federal income taxes. This means that REIT dividends will vary from quarter to quarter much more than for industrial companies; The Wall Street Journal recognizes this variability by reporting most REIT dividends separately. The outlook and stability of dividends are thus key factors in RTR's RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusting for any capital gains or special payouts. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to continue in subsequent quarters. For these reasons annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

Earnings and Price/Earnings Ratio: For all the trusts and former trusts, earnings show are the latest twelve months' earnings. Non-recurring items such as asset swap gains, reversals of loss

reserves, etc., are included in comparisons for nonqualified mortgage trusts, but are not included in comparisons for qualified trusts.

For property or equity trusts, 12 months' net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings if the trust uses cash flow as the basis for dividend payments. Net cash flow is defined as net income plus depreciation minus mortgage amortization, and net cash flow trusts are designated with the symbol "#". beside their names. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used and is denoted as "G". Both earnings (EPS) and net cash flow (CFS) per share for these equity trusts are shown in RELATIVE APPEAL RANKINGS.

Book value per share is essentially tang-

ible net worth per share after deducting intangible items such as unamortized debt discount and expenses, goodwill, etc. Book value does not reflect any appreciation in asset values but does reflect deduction of a reserve for possible investment losses computed under AICPA rules. Accumulated depreciation is added back to net book value for cash flow trusts (denoted "#") - see above) as a means of approximating market value of properties. Components of this adjusted book value are reported in RELATIVE APPEAL RANKINGS.

Shares used in the statistics are the actual number of shares outstanding as of the latest balance sheet date and do not reflect potential dilution from debenture conversion, warrant exercise, or other common equivalent shares which may have been used in computing earnings per share.

WARRANTS

NAME	EXCH/ SYMBOL	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MIL\$)
FLATLEY RLTY	O-FLTLW	5/30/81	1000	10.00	1.0	0.25	7.75	32.3	0.0	0.3
HOMAC-BARNES	O-HOMGW	12/31/82	1910	20.00	1.0	0.02	2.38	741.2	100.0	0.0
JMB REALTY	O-JMBRW	8/15/82	510	20.00	1.0	3.50	19.00	23.7	27.3	1.8
PNE MTG(B)	A-PNIWB	6/1/82	700	20.00	1.0	0.88	12.00	74.0	8.6	0.6
SAN FRAN REI	A-SFIW	12/31/80	1236	25.00	1.0	7.00	31.63	1.2	100.0	8.7
SOUTHBARK-B*	PS-N/A	3/31/83	120	2.00	50.0	75.00	3.88	-9.7	66.7	9.0

*CITIZENS & SOUTHERN REALTY DEBENTURES USUABLE IN LIEU OF CASH.

NOTE: BUYERS ARE CAUTIONED THAT SPREADS BETWEEN BID AND ASKED PRICES FOR WARRANTS ARE VERY LARGE AND PRICES MAY VARY SIGNIFICANTLY.

We continue to be cautious in advising new commitments. Ride with your current holdings, and try to time new investments on price dips. Among the strategies to consider are watching interest rates for signs of peaking, to lock in high yields on mortgage trusts and then ride the price up as rates fall. The long-term mortgage trusts are preferred; rates on their portfolios are lower than those of the short-term lenders, providing less risk of default. Watch out for floating rate debt and imminent debt maturities requiring refinancing at higher rates.

Liquidating trusts (recovery trusts still engaged in selling off assets) are interesting commitments as prices fall off on rate problems/slowing sales; buy for eventual realization of values. Look for trusts which are generating some operating earnings other than from asset sales, to protect book values from erosion until sales pick up. Again, watch out for high rate exposure.

One boon for some of the former REITs would be the bill regarding REIT taxlosses recently approved by the House and by the Senate Finance Committee. The bill will allow former REITs the same ability granted REITs in 1976 of carrying forward operating losses for eight years. The former REITs will be able to deduct losses incurred in years that they remained qualified. This will boost the appeal of trusts and corporations who remained qualified REITs for a period during which they generated losses. An amendment which says that no former REIT which disqualified for the "principal purpose" of securing taxloss benefits could use the additional years, but a legal opinion supplied by NAREIT says that in most cases, this will not be a problem.

MERGERS & ACQUISITIONS: ADVICE AND COMMENT ON FIVE PENDING REIT DEALS

First Pennsylvania Mortgage Trust (1½-NYSE) holders have approved a debt restructuring to be accomplished via an underwritten rights offering. The complex plan, previously announced, has these elements:

--FPM will offer existing shareholders seven Series A warrants, exercisable at \$1, for each share now held. A total 20.7 million warrants would be issued in the planned rights offering. A group of 15 British, Scottish and Canadian investors has agreed to purchase all unsubscribed shares, thus assuring FPM of raising \$20.7 million new cash. The investors also will get 3.14 million warrants exercisable at 25¢/sh.

--Approx. \$20 million will be used to repay FPM's \$46.5 million bank debt and accrued interest. Banks will also receive one property (land beneath a Ft. Lee, N.J. apartment) and 3.36 million additional shares valued at \$5 million.

--Hallwood Securities N.V. of London will receive 3.005 million new shares for arranging the underwriting, and will be able to name a majority of trustees.

If all goes as planned, FPM's book value will be boosted from 38¢/sh. at July 31 to \$1.59/sh. (\$1.46 diluted). FPM shares outstanding would rise from 2.96 million to 30.05 million (or 33.37 million shares diluted). They would continue to be traded publicly. The No. 4N Ranked shares are relatively unappealing.

Walter Realty Investors (8½ bid--OTC), has signed a letter of intent to be acquired by Cheezem Development Corp. (8 bid--OTC), major Florida realty developer of St. Petersburg. Purchase price is expected to be in the range of \$10 per sh. The acquisition is subject to numerous conditions including a review of Walter books and properties. Cheezem must decide by Dec. 19 whether to proceed. Audit Investment Research, Inc. initiated the proposed transaction and is acting as Cheezem's financial adviser. WRI was ranked No. 1 at 5-1/8 on Dec. 7, 1979.

GMR Properties (3--NYSE) approved a letter of intent to combine into a new corporation to be controlled by Grubb & Ellis Co., Oakland, Cal. real estate and mortgage brokerage company. The new parent company would issue its shares 55% to present private owners of Grubb & Ellis and 45% to GMR shareholders, including

exercise of all GMR warrants and options.

The transaction is subject to numerous conditions including a definitive agreement, "certain actions" regarding GMR's \$7.5 million bank debt and \$1.3 million interest notes, and approval by GMR shareholders via a combined proxy-prospectus in early 1981. GMR is a former REIT now operating as a nonqualified business trust investing in realty mortgages and equities. It reported losing \$1.2 million or 40¢/sh. from operations in the six months through Aug. 31, before \$1.4 million or 47¢/sh. gain on restructuring of its credit agreement. Grubb & Ellis announced and then ceased negotiations with UMET Trust in August, largely because of bank debt complications.

GMR shares are ranked No. 2N because holdings appear to have relatively little near-term potential. The deal may let GMR use some of its taxloss carryforward, equal to \$4.45/sh. on the potential 6.6 million shares that would be outstanding, by giving it a new earning asset. We are not changing the ranking at this time.

Denver REIA (35½ bid--OTC) holders have been offered \$36/sh. cash by an indirect subsidiary of First City Financial Corp. Ltd., Vancouver, B.C. financial services company controlled by the Belzberg brothers. The tender appears to be an end-run around the competing bid of an entity affiliated with Romanek-Golub, Chicago real estate firm. R-G had proposed buying all Denver REIA assets for about \$32/sh. cash plus approx. \$2/sh. subject to certain contingencies.

When that deal was announced, FCF began talks with Denver management, with no clear results. Denver then adjourned an Oct. 15 shareholders' meeting to consider the R-G proposal, after which R-G sued FCF claiming interference with contract. The FCF offer resulted.

FCF and the Belzberg brothers (Samuel, Hyman and William) have been active U.S. investors recently. Early this year they merged a California developer into

State Mutual Investors and thereby got 50.3% control. They also control Far West Financial, a California S&L, and own blocks in Kaufman & Broad, Inc. and Presley Cos., California homebuilders.

The \$36/sh. cash offer, provided 50% of shares are tendered, has slightly higher present value than the R-G offer. Since management has indicated its willingness to sell, we'd advise taking the higher \$36 price and tender.

Meantime BT Mortgage Investors (2¼--NYSE) has encountered slow going in winning approval of its proposed merger into Leroy Properties & Development Corp. (2-3/4 bid--OTC), Las Vegas property company. The shareholders meeting to consider the plan has been postponed twice, the newest date until Dec. 10. The vote count was announced as 1,070,455 in favor and 294,322 against to date at the Nov. 19 adjourned meeting, with only about 64½% of BTM's 2.116 million shares voting so far. The negatives include about 191,600 sh. held by Charan Industries, Inc., Garden City, N.Y. bowling and real estate company, which opposes the merger and has sued to stop the merger until a new record date is set. Charan owns 375,000 sh., or 17.7%, but can only vote about 9% because BTM set a Sept. 10 record date for voting, even though the proxy wasn't circulated until Oct. 21.

Without taking sides, we think the deal could be improved for BTM holders and would urge its renegotiation. In particular the \$7.2 million gain to be realized from a related asset swap with BTM's banks should go to BTM and not to the merged entity, as proposed. The pro forma gain works out to about \$3.39/sh. for BTM shares, a considerable boost over the \$1.12/sh. book value. From another viewpoint, the proposed merger is terrific for holders of BTM's 5-3/4% debentures due Jan. 15, 1982, since Bankers Trust Co., BTM's sponsor, would commit to lend the merged entity enough money to repay the bonds. The situation is dangerous however, since bankruptcy appears a very real risk. We'd avoid BTM shares.